

COASTAL VILLAGES REGION FUND CDQ QUARTERLY REPORT

APRIL 1 THROUGH JUNE 30, 2004



711 H Street, Suite 200
Anchorage, AK 99501
www.coastalvillages.org

TABLE OF CONTENTS

| | | |
|------|---|-------|
| I. | Quarterly Highlights | 1-2 |
| II. | Community Development: | |
| A. | Progress toward goals, objectives, milestones | 3-20 |
| B. | Outreach | 21 |
| C. | Employment: | |
| 1. | Data Form | 22 |
| 2. | Summary | 23-24 |
| 3. | Summary of Employment | 25 |
| D. | Training: | |
| 1. | Data Form | 26 |
| 2. | Summary | 27-28 |
| E. | Other Issues | 28 |
| III. | Administration: | |
| A. | Board Activities: | |
| 1. | Changes in members | 29 |
| 2. | Decisions (see confidential section) | 29 |
| 3. | Board Minutes (see confidential section) | 29 |
| B. | State of Alaska Reporting Compliance | 29 |
| C. | Amendment Status | 29-30 |
| D. | Other issues | 30 |

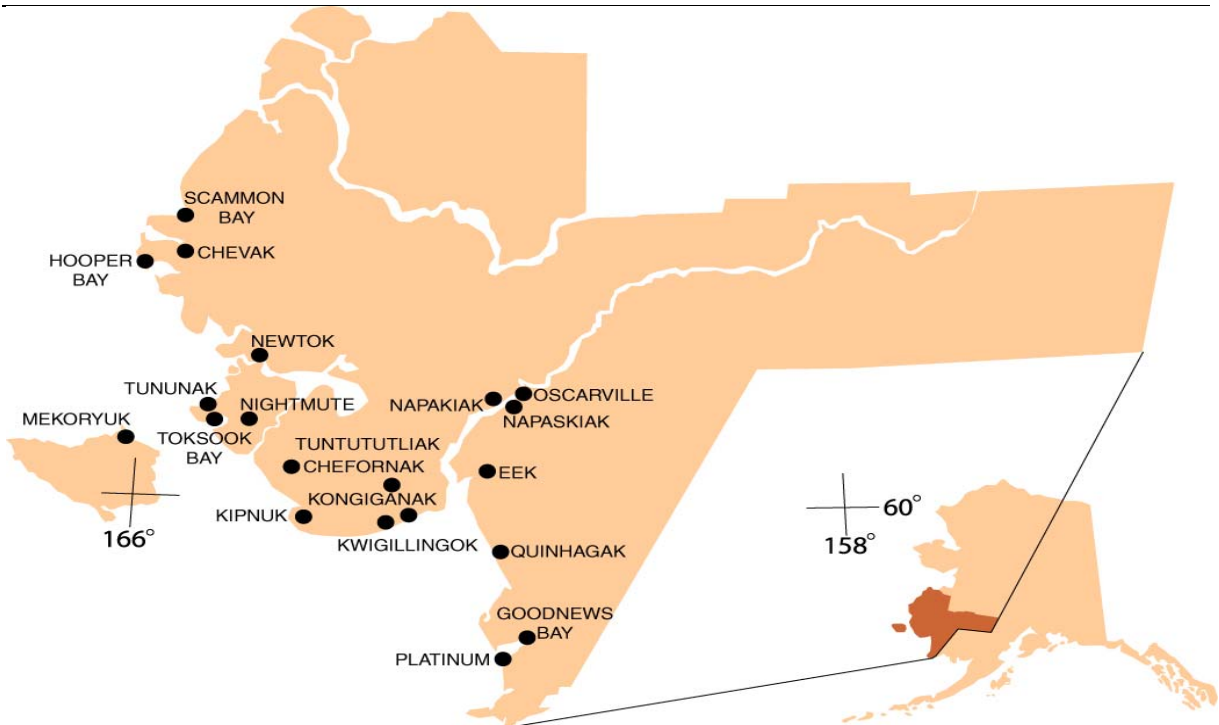


TABLE OF CONTENTS, CONTINUED

| | | |
|-----|---|-------|
| IV. | Harvesting Report: | |
| A. | Pollock and Multi-species CDQ Harvest Activities by Target Fishery – tables and summaries by species | 31-36 |
| B. | Pollock and Multi-species CDQ Harvest by Quarter and Year-to-Date. (Transfers Schedules) | 37-38 |
| C. | Compliance | 39 |
| D. | Other Fishing Issues/Activities | 39 |
| V. | Confidential Issues: | 40 |
| A. | Financial Statements: | |
| 1. | Consolidated Statements of Financial Position | 41 |
| 2. | Consolidated Statements of Activities | 42 |
| 3. | Consolidated Statements of Cash Flows | 43 |
| 4. | Consolidating Statement of Financial Position | 44 |
| 5. | Consolidating Statement of Activities | 45 |
| 6. | Consolidated Statements for CVS and CE | 46-49 |
| 7. | Consolidating Finance and Administrative Expenses | 50 |
| 8. | Consolidating Program Expenses | 51 |
| 9. | Detail of Inshore & Nearshore Expenses by Plant | 52 |
| 10. | Consolidated Budget to Actual Schedule | 53 |
| 11. | Quarterly & Year-to-Date CDQ Royalties by Species | 54 |
| 12. | Financial Benefit to Communities | 55 |
| 13. | G/L Reports: | |
| A. | Coastal Villages Region Fund | 56-64 |
| B. | Coastal Villages Seafoods, LLC | |
| 1. | Monthly Monitoring Reports | 65-66 |
| 2. | G/L Reports | 67-78 |
| C. | Coastal Villages Angler, LLC | 79-80 |
| D. | Coastal Villages Crab, LLC | 81-83 |
| E. | Coastal Villages Groundfish, LLC | 84-85 |
| F. | Coastal Villages Longline, LLC | 86-87 |
| G. | Coastal Villages Pollock, LLC | 88-89 |
| H. | Coastal Villages Quota, LLC | 90-91 |
| I. | Coastal Enterprises LLC | 92-93 |
| J. | Kelly Mae LLC | 94-95 |

TABLE OF CONTENTS, CONTINUED

V. Confidential Issues, continued:

| | | |
|-----|---|---------|
| 11. | Joint Ventures Financials and Monitoring Reports: | |
| A. | American Seafoods | 96-102 |
| B. | Kokopelli (Ocean Harvester) | 103-105 |
| C. | Ocean Prowler | 106-108 |
| D. | Prowler | 109-111 |
| E. | Arolik River Sport fishing | 112 |
| F. | Cape Horn Fisheries | 113-115 |
| G. | Karin Lynn | 116-119 |
| H. | Sanko Fisheries | 120-123 |
| I. | Silver Spray | 124-126 |
| J. | Blue North Fisheries (Blue Dutch, Sultan Fisheries, Blue Aleutian, and Tempest Fisheries) | 127-135 |
| 14. | Organizational Chart | 136 |
| B. | Tax Issues | 40 |
| C. | Imminent Major Investments | 40 |
| D. | Other | 40 |
| E. | Board Activities: | |
| 1. | Decisions | 40 |
| 2. | Board Minutes | 137-143 |

I. Quarterly Highlights

The Quarterly Highlights section contains an overview of the activities and projects that CVRF had during the 2nd quarter. These highlights will provide the reader with a general understanding of the progress being undertaken by CVRF to accomplish the goals and programs contained within our 2003-2005 Multi-Species CDP.

- CVRF program staff traveled to each community and conducted Ciunerkam Tangruartii Community Meetings, gathering ideas and suggestions for new and/or improved programs for the 2006-2008 CDP. The remaining fifteen meetings were held during the 2nd quarter.
- Surveys were collected from all twenty-member communities and all information gathered from the surveys was databased during the 2nd quarter. This information will be used for follow-up meetings in each community, and as part of the CDP.
- The first pound of halibut for 2004 was purchased on May 20 in Chefornak.
- As of June 30, 2004, over 66,000 pounds of halibut have been purchased, putting more than \$77,000 into fishermen's pockets.
- For the first time, Coastal Villages Seafoods purchased salmon at the June Chum opening in Bethel. At the first season opening on June 30th, 18,000 pounds of salmon were purchased.
- The first salmon opener in Quinhagak was on June 15th.
- As of June 30, 2004, over 357,000 pounds of salmon have been purchased by the Quinhagak plant, putting more than \$109,000 into fishermen's pockets.
- CVS paid almost \$185,000 in payments at delivery and incentive bonuses to herring fishermen.
- Coastal Villages purchased the LCU *Kelly Mae* in April for use in tendering salmon for CVS.
- Coastal Villages held a grand opening for the Scammon Bay fisheries support center on May 20th.
- CVRF has begun the initial planning and design for a fisheries support center to be constructed in Eek. This center will provide such things as an office for CVRF/CSV staff, a place to hang nets and repair equipment, bunk space, and storage space.
- Training sessions were completed in Refrigeration Maintenance & Operations, Fillet & Mince Production, and HACCP. Twenty-three region residents participated in the training sessions.
- Larson Hunter from Scammon Bay completed his three-month internship at the CVRF corporate office in Anchorage in early June. He was then hired for a permanent position with CVRF to start after he finished salmon fishing in July.
- Tillie Carr accepted the position of Administrative Assistant at the CVRF corporate offices in Anchorage and started on April 5.
- Gerald Hunter accepted the position of Mechanic at the CVRF fisheries support center in Scammon Bay and started on May 3.
- Mamie Tinker accepted the position of Community Liaison in Hooper Bay and started on April 12.
- A staff meeting was held in Bethel on June 18, the following were in attendance: Chevak's CVRF Board member, John Pingayak, the business development director, community development plan coordinator, employment coordinator, business development specialist, community development administrator, community program manager, community development specialist, and seven community liaisons.
- 1st Quarter newsletter, the "Neqsurtet Nepiit" was finalized and mailed to all CVRF community box holders, other interested parties, and business contacts.
- A revised 4-SITE brochure was finalized for use during recruiting and general outreach efforts.
- Production of the 2003 CVRF annual report was started. The report is awaiting final approval, and will be delivered in the 3rd quarter.

- Production of the 2nd quarter newsletter the “Neqsurtet Nepiit”, was started, and will be mailed to all CVRF box holders and other parties in the early part of the 3rd quarter.
- The Louis Bunyan Memorial Scholarship application form and the Revolving Loan application were updated on the www.coastalvillages.org website.
- A variety of informational flyers for use by the Ciunerkam Tangruartii process, the Marine Safety Training classes, and general 4-SITE recruiting efforts. The flyers were posted in corresponding communities to advise of event times, locations, and proceedings.
- CVRF had its 2003 financial audit April 5-16.
- CVRF held its 2004 board retreat in Seattle May 2-6.
- The CVRF Board Compensation Committee met on May 18th and 28th.
- The Executive Board met via teleconference on June 4.
- The full board met in Anchorage June 7-8.
- CVRF staff attended the Leadership Forum on June 24.
- CVRF staff met with John Boggs, partner in the Alaskan Enterprise and Karin Lynn crab vessels, to discuss the upcoming season and opportunities.
- Recruiting advertisements were placed in the regional newspaper, The Tundra Drums, for vacancies at the Coastal Villages Seafoods plants during the summer season.
- Sally Walker, from American Seafoods, along with CVRF staff, recruited for processors during the Camai Festival in Bethel.
- CVRF staff attended the Alaska Job Center Network training academy in Bethel.
- CVRF networked with the Job Center in Bethel for employment opportunities with CVS in the region fish plants.



II. Community Development

A. 2003/2005 Comprehensive Milestone Table for all:

Proposed Projects and Programs:

Offshore Harvesting, Processing, and Investment Program:

Crab Vessel Investments:

1. Investigate vessels or vessel owning companies in the crab sector, including conducting due diligence and researching the issues surrounding the target species when necessary.

No activity during the 2nd Quarter.

2. Coastal Villages Crab LLC will work together with new crab sector investment partners to provide an analysis prior to the fishing season outlining the maximum capacity of the vessel to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

In the 1st Quarter, CVC worked with its new crab harvesting and investment partner to provide an analysis of the company's capacity to harvest 2004 Opilio crab. No additional arrangements to lease CDQ to other buyers were necessary.

3. Monitor new investments in the crab sector, including monitoring quota and financial information.

In the 2nd Quarter, CVC continued to monitor the results of operations of the Sanko Fisheries, Karin Lynn Fisheries, Blue Dutch, Sultan Fisheries, Tempest Fisheries, and Blue Aleutian.

Groundfish Vessel Investments:

Pollock Investments:

4. Investigate investment opportunities in the pollock sector, including conducting due diligence and researching the issues surrounding the target species.

Confidential, please refer to management for additional information.

5. Coastal Villages Pollock, LLC will work together with new pollock investment partners and harvesters of Coastal Villages fishing rights to provide an analysis prior to the fishing season outlining the maximum capacity of the vessels to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

CVP had no new investment partners, so no capacity analysis or additional arrangements were necessary.

6. Monitor new investments in the pollock sector, including monitoring quota/fishing rights and financial information.

CVP had no new investments in the pollock sector, so quota harvest monitoring and performance monitoring were not necessary.

Pacific Cod Investments:

7. Investigate vessels or vessel owning companies in the pacific cod sector, including conducting due diligence and researching the issues surrounding the target species when necessary.

In the 2nd quarter, Coastal Villages, investigated one vessel currently participating in the Pacific cod sector.

8. Coastal Villages Longline, LLC will work together with new pacific cod investment partners to provide an analysis prior to the fishing season outlining the maximum capacity of the vessel to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

CVL had no new investment partners in the 2nd quarter, so no capacity analysis or additional arrangements were necessary.

9. Monitor new investments in the pacific cod sector, including monitoring quota and financial information.

CVL had no new investments in the Pacific cod sector, so quota harvest monitoring and performance monitoring were not necessary.

Flathead/Rock Sole/Yellowfin Sole Investments:

10. Investigate vessels or vessel owning companies in the Flathead/Rock Sole/Yellowfin sole sector, including conducting due diligence and researching issues surrounding target species when necessary.

No activity during the 2nd Quarter.

11. Coastal Villages Groundfish, LLC will work together with new investment partners to provide an analysis prior to the fishing season outlining the maximum capacity of the vessel to harvest target species. If necessary, additional arrangements will be made to lease the harvesting rights to other buyers.

CVG had no new investment partners in the 2nd quarter, so no capacity analysis or additional arrangements were necessary.

12. Monitor new investments in the Flathead/Rock Sole/Yellowfin sole sector, which includes reviewing quarterly and annual financial information.

CVG had no new investments in the Flathead/Rock Sole/Yellowfin sole sector, so quota harvest monitoring and performance monitoring were not necessary.

Inshore Harvesting, Processing, Investment and Infrastructure Program:

Fuel Delivery:

13. Facilitate early spring fuel deliveries and/or reserves to insure that local fishermen will have necessary fuel for fishing for the season.

CVRF has approved fuel loans to Toksook Bay and Kipnuk. Toksook Bay's fuel loan was approved for \$206,876, and Kipnuk was approved for \$100,000.

CVS negotiated with Norquest Seafoods to bring up fuel on their tender vessels to sell to herring fishermen during the early season. During the first two weeks of June, CVS dispatched a tender to purchase halibut off the south shore of Nunivak Island. The tender purchased fuel from Naknek and transported the fuel to the fishing grounds to insure the fishermen had sufficient fuel to fish. This was important due to the high cost of fuel and low availability of fuel since both the herring and early halibut season began before fuel barges arrived into our local communities.

14. Investigate retail fuel opportunities in the region as a means to provide affordable fuel to fishermen.

CVS negotiated with Norquest Seafoods to bring up fuel on their tender vessels to sell to herring fishermen during the early season. During the first two weeks of June, CVS dispatched a tender to purchase halibut off the south shore of Nunivak Island. The tender purchased fuel from Naknek and transported the fuel to the fishing grounds to insure the fishermen had sufficient fuel to fish. This was important due to the high cost of fuel and low availability of fuel since both the herring and early halibut season began before fuel barges arrived into our local communities.

CVRF has approved fuel loans to Toksook Bay and Kipnuk. Toksook Bay's fuel loan was approved for \$206,876, and Kipnuk was approved for \$100,000.

New Halibut Plant:

15. If adequate halibut quota is available, expand halibut buying operations in one additional community.

CVS expanded its halibut operations in 2003. During 2004, CVS ran a pilot program in June that involved dispatching a tender to purchase halibut in a previous un-fished area off south Nunivak Island. According to NMFS, this is the first time since major regulation overhaul that this has been accomplished. In order to comply with State and National Marine Fisheries Service regulations, a stand alone solar/battery powered satellite internet connection was established on shore and the signal transmitted to the tender via long range wireless connection. 14 fishermen participated in the pilot program harvesting 20,322 pounds.

16. Operate using a local work force. Hire outside workers only to teach certain skills to local workers.

During the 2nd quarter, CVS hired 55 employees to work in the Toksook Bay and Mekoryuk halibut plants. All of these employees came from our 20 member communities. All of the halibut purchased in South Nunivak was delivered to the Toksook Bay plant.

17. After plant is built, have plant operational and ready to buy halibut by June 1. Plants will begin buying halibut when fishermen begin fishing.

The halibut operations in Toksook Bay and Mekoryuk opened in mid May. However, river and weather conditions delayed the first deliveries. The operations in South Nunivak began on June 8th.

Commercial Fisheries Support Businesses:

18. Assist in starting one or more businesses that support the Inshore Program, through loans and other technical services - potential businesses include, gear suppliers, construction contractors, and repair services. Assist in projects that will support the Inshore Program, through loans, grants and other technical services.

Fishery Support Center in Scammon Bay was opened for business in late April. The Fisheries Support Center is a welding boat repair facility that CVRF assisted in starting.

CVRF has researched various ways to stimulate fisheries related development through enhanced infrastructure and reduced utility costs. We would like to provide matching funds for a cooperative effort between Alaska Village Electrical Cooperative and the Denali Commission for the installation of wind turbines for Toksook Bay and Tununak. These wind turbines would reduce operating costs in two of our existing halibut plants, would reduce operating costs for local fisheries-support businesses, and would reduce the cost of electrical service for individual fishermen and those in the community that support the local fisheries economy.

Project Management:

19. At the request of the communities, CVRF will assist in receiving funding for community projects, by providing technical support in grant preparation or referring them to a qualified grant writer.

During the 2nd quarter of 2004, CVRF did not receive any requests for referrals to a grant writer.

CVRF received seven requests for community donations in the 2nd quarter of 2004, with a total of \$2,909 being distributed.

Business development specialist continued to work closely with State of Alaska, Department of Commerce and Economic Development (DCED) staff to increase the number of communities participating in the Lower Kuskokwim Community Mapping project. As a result, the number of communities participating has increased from 8 to 14, and secured additional matching fund commitments from various sources.

Final decision on funding for extension of the Quinhagak airstrip is before DCED. Decision is pending.

20. Assist communities with planning of community projects and implementation of procedures to operate projects effectively and efficiently.

In conjunction with the State of Alaska, Department of Commerce and Economic Development, CVRF business development specialist coordinated a competitive bidding process and participated in the selection of the contractor for the Lower Kuskokwim Community Mapping Project. This project will provide maps that will assist 14 communities with their comprehensive planning processes.

CVRF was an active participant in the development of Hooper Bay's comprehensive economics development strategy plan. CVRF business development staff met with community leaders, and the communities hired consultant to provide input on Hooper Bay's economic development strategies.

CVRF business development specialist met with, and provided information on community planning to the tribal administrator for Goodnews Bay.

CVRF business development staff continued working with all 20 communities in the development of CVRF's community development plan (CDP). This continual effort builds upon the original Ciunerkam Tangruartii (CT process) that began in 1999. The process includes community meetings, surveys and collecting feedback from community members about CVRF programs and projects (past, current and future).

In the 2nd quarter, CVRF business/community development staff held 15 community meetings and collected survey results. The goal of the CT process is to improve the delivery of projects and programs and gather information on the fisheries related economic development needs of the communities.

As CVRF investigates possibilities for reduced utility costs to fisheries related businesses in member communities we will be developing three way cooperative working relationships between Alaska Village Electrical Cooperative, CVRF member villages and CVRF.

New Operations for Other Species in the Region:

21. Investigate other species in the region to determine the feasibility of providing operations to buy these species from local fishermen – potential species are Tom Cod and Saffron.

There was no activity in the 2nd quarter.

22. If feasible to harvest and market, provide buying stations and processing facility for the fishermen.

There was no activity in the 2nd quarter.

23. If feasible to harvest and market, hire local residents to operate facility through Coastal Villages Seafoods with the intent to turn over to the community.

There was no activity in the 2nd quarter.

Marine Safety Program:

24. Implement a marine safety program for local fisherman that will provide training and awareness skills regarding prevention of marine accidents and safeguards.

CVRF staff worked with the US Coast Guard Marine Safety office in Anchorage, and the Alaska Marine Safety Education Association (AMSEA) in Sitka, to put together a Marine Safety Training Course to be held in six communities the first week of May right before the herring season. CVRF will access feedback from each session for future training. This is the first training to be held by either the US Coast Guard or AMSEA in a CVRF member community. We would like to hold future trainings later this summer or in May of 2005.

Due to poor weather conditions, we were only able to conduct training in two of the six villages. One US Coast Guardsman and one instructor from Alaska Marine Safety Education Association taught the class. The class covered small skiff regulations, personal flotation devices, emersion suits, basic firefighting, signal flares, EPIRB's, VHF Radios and cold-water survival skills. This was the first training to be held by either the US Coast Guard or AMSEA in a CVRF member community. We are planning to hold additional trainings in the four communities missed in May plus four additional communities the week of August 16th through August 21st.

Ordered channel marker buoys for the remaining communities not supplied with them last year. These buoys are currently on order and will arrive in the communities in August.

25. Develop a safety packet or brochure to distribute to the residents of our communities that illustrates safety procedures.

With the permission of the United States Coast Guard, safety pamphlets were printed from the USCG website for distribution to all fishermen in the region. CVRF staff is currently producing a safety pamphlet to distribute in the region.

26. Assist fishermen in purchasing proper safety equipment through the Loan Program and paid through our fishermen advances.

During the 2nd Quarter, CVRF did not receive any requests for safety equipment.

Loan applications were distributed to interested residents, upon request during the 2nd quarter. CVRF staff continues to answer questions about the revolving loan program throughout the year. The loan program availability continues to be advertised in member communities throughout the year.

27. Provide CVRF communities the necessary navigational and/or preventive provisions to aid in marine safety, rescue, or prevention.

We held marine safety training in two of our villages. The class was taught by one US Coast Guardsman and one instructor from Alaska Marine Safety Education Association. The class covered small skiff regulations, personal flotation devices, emersion suits, basic firefighting, signal flares, EPIRB's, VHF Radios and cold-water survival skills. This was the first training to be held by either the US Coast Guard or AMSEA in a CVRF member community. We are planning to hold additional trainings in the four

communities missed in May due to weather plus four additional communities the week of August 16th through August 21st.

CVRF worked with the local tribal councils and search and rescue team leaders to determine what the needs of our communities are regarding the navigational and preventive provisions that aid in marine safety, rescue, and prevention. Through this process, CVRF ordered and delivered buoys for Cheforak, Kipnuk, Hooper Bay, Goodnews Bay, Mekoryuk, Quinhagak, Toksook Bay, Tununak, and Tuntutuliak in 2003. CVRF currently has an order in for additional buoys for the remaining communities that requested them. These communities are Scammon Bay, Chevak, Nightmute, Kongiganak, Kwigillingok, Eek, Napaskiak and Napakiak. These channel marker buoys should be delivered in August of 2004.

Insurance Cooperative for the Fishermen:

28. Investigate the potential of organizing a marine insurance fleet program for regional fishermen to reduce their insurance costs.

It was previously determined at this time a marine insurance fleet program is not feasible due to the high cost of insurance.

Active Projects and Programs:

Offshore Harvesting, Processing, and Investment Program

Crab Vessel Investments (50% owner of Silver Spray):

29. Silver Spray and Coastal Villages Crab, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the Silver Spray to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

No arrangements were necessary to lease harvesting rights to other buyers in the 2nd quarter.

30. Continue to monitor the investment in Silver Spray, to include monitoring quota and financial information.

During the 2nd Quarter, CVC continued to monitor the results of operations of Silver Spray. Silver Spray did not harvest any of CVRF's CDQ during the 2nd Quarter of 2004.

Groundfish Vessel Investments:

Sablefish Vessel Investments (45% owner of Kokopelli Fisheries):

31. Kokopelli Fisheries and Coastal Villages Longline, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the Ocean Harvester to harvest target species. If necessary, additional arrangements will be made to sell the harvesting rights to other buyers.

There was no activity in the 2nd quarter.

32. Continue to monitor the investment in Kokopelli, to include monitoring quota and financial information.

The F/V Ocean Harvester started fishing in mid March and has harvested 3,498 mt of Sablefish in the 1st quarter. Due to higher than normal by-catch levels of Other Rockfish AI, the Ocean Harvester fished IFQ in the 2nd quarter and the harvest of CDQ Sablefish will continue in the 3rd quarter.

During the 2nd Quarter, CVL continued to monitor Kokopelli's financial information.

Pacific Cod Vessel Investments (20% owner of Ocean Prowler, 20% of Prowler and through American Seafoods, 38.95% owners of Pacific Longline Company):

33. Ocean Prowler, Prowler and Coastal Villages Longline, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the Ocean Prowler to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

There was no activity in the 2nd quarter.

34. Continue to monitor the investment in Ocean Prowler and Prowler, including monitoring quota and financial information.

Neither Ocean Prowler nor Prowler harvested any of CVRF's CDQ during the 2nd Quarter of 2004.

35. Pacific Longline Company and Coastal Villages Pollock, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of PLC fleet to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

There was no activity in the 2nd quarter; no arrangements were necessary to lease harvesting rights to other harvesters.

36. Continue to monitor the investment in Pacific Longline Company, to include monitoring quota and financial information.

PLC has harvested 501.690 mt of pacific cod or 33.45% of the "A" season quota, in the 1st quarter.

PLC has harvested 1,487.645 mt of Pacific Cod or 99.18% of the A Season quota through the 2nd quarter.

During the 2nd Quarter, CVP continued to monitor the financial information of PLC.

37. Explore the possibility of expanding our equity interest in Ocean Prowler and Pacific Longline Company.

No activity during the 2nd Quarter.

Pollock Vessel Investments (38.95% owner of American Seafoods):

38. American Seafoods and Coastal Villages Pollock, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the American Seafoods vessels to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

No additional arrangements were necessary in the 2nd quarter.

39. Coastal Villages Pollock, LLC will continue to participate on the American Seafoods board of directors in an effort to monitor the investment, retain a voice in the operation of the company, and assist in furthering the purposes of the company.

CVP has had active participation on the American Seafoods board since the completion of the investment. During the 2nd Quarter, the Executive Director and the Director of Finance have participated in every American Seafoods board meeting.

40. Explore the possibility of expanding our equity interest in American Seafoods.

Confidential, please refer to management for additional information.

Flathead/Rock Sole/Yellowfin Sole Investments (20.09% owner of the Cape Horn Fisheries):

41. Cape Horn Fisheries and Coastal Villages Groundfish, LLC will work together to provide an analysis prior to the fishing season outlining the maximum capacity of the Cape Horn to harvest target species. If necessary, additional arrangements will be made to lease harvesting rights to other buyers.

No activity in the 2nd quarter.

42. Continue to monitor the investment in Cape Horn, including monitoring quota and financial information.

During the 1st Quarter, CVG continued to monitor Cape Horn's financial information. Cape Horn did not harvest any of CVRF's CDQ during the 2nd Quarter of 2004.

Inshore Harvesting, Processing, Investment and Infrastructure Program:

Kuskokwim Bay Salmon Operation:

43. CVS will continue to develop its quality products relevant to the market and develop a regional marketing program tied to quality standards.

A CVS representative attended the Boston Seafood Show during the first quarter. CVS's primary broker visited potential clients in Europe. Talks started with the Alaska Quality Seal program to be implemented on a limited basis in 2004.

CVS applied for, and was granted a EU# that will allow the sale of its products to EU member countries. CVS plans on the sale of 10,210 pounds of product sold to the Canary Island during the 2nd quarter.

Instructed broker to expand marketing effort to include more domestic sales and European sales. Results of the marketing trip by broker dictated production mix for the 2004 season.

44. Purchase all District W-4 and W-5 salmon each year.

As of the 2nd quarter, CVS was the only buyer in the w-4 and w-5 district. CVS has purchased all fish caught in those two districts.

45. Assist fishermen by providing advances for gear and fuel purchases, and paying fishers in a timely manner upon delivery.

CVS continued the fishermen's advance program in 2004. The program was modified slightly to give higher advance limits to fishermen who showed a history of fishing for and repaying their loans from the past maximum advance limit of \$500 to an upper limit of \$1,250. CVRF continues to provide loans to fishermen through its revolving loan program.

46. Conduct successful employment and training program, including filling all available positions with local hire, with outside workers hired only to acquire and teach a certain skill level.

CVS conducted the refrigeration operations and maintenance training session, fillet and mince production training session, and the hazardous analysis and control point certification training during the 2nd quarter. These training sessions provided the opportunity for twenty-three region residents to obtain, maintain or improve employment skills in specific areas of the fishing industry.

47. Investigate transportation savings and/or opportunities in the region to support the shore side processing projects by reducing costs.

CVS purchased a 135 landing craft in the 2nd quarter of 2004. This landing craft will not only be used to tender fish, but the main saving will come in transporting 40 ft refrigerated containers of salmon from

Quinhagak to a major regional port. Currently CVS spends anywhere from \$5,000 to \$10,000 per 40 ft container to transport the container from Quinhagak to Bethel or Dutch Harbor. It is expected to save anywhere from 30% to 50% of those costs each year. Also during the 2nd quarter, CVS submitted a preliminary grant request to the Economic Development Administration to fund a high-speed vessel to transport fresh salmon and halibut from the region to South Central Alaska's road system. This is expected to allow for substantial savings beginning in the year 2006.

Halibut Operation:

48. CVS will continue to operate the six community halibut plants and purchase halibut at the plant in Quinhagak.

During the 2nd quarter of 2004, CVS purchased halibut at all 6 halibut plants as well as the salmon plant in Quinhagak. Furthermore, the tendering operations on South Nunivak Island raised the number to 8 locations where CVS purchased halibut during the 2nd quarter of 2004.

49. Conduct successful employment and training program, including filling all available positions with local hire, with outside workers hired only to acquire and teach a certain skill level.

CVS conducted the refrigeration operations and maintenance training session, fillet and mince production training session, and the hazardous analysis and control point certification training during the 2nd quarter. These training sessions provided the opportunity for twenty-three region residents to obtain, maintain or improve employment skills in specific areas of the fishing industry.

During the 2nd quarter, CVS hired 106 employees to work in the 6 halibut plants. All of these employees came from our 20 member communities. CVRF advertises all open positions in the region before out-of-region advertisements.

50. Have each plant operational and ready to buy halibut by June 1. Plants will begin buying halibut when fishermen begin fishing.

5 of the 6 halibut plants were ready to operate as of May 13th, 2004. Kipnuk was delayed due to scale issues but was open for business prior to June 1. However, many locations did not receive fish till later due to the river ice conditions and weather.

Plans are in place to have the halibut plants technically operational by May 1, 2004. The actual opening date is dependant upon the weather; snow and ice thawing near the facilities.

51. Process all 4E halibut in local plants each year.

All CVS halibut landed in area 4E by region residents during the 2nd quarter was processed in a CVS facility. Plants processed 64,244lbs of 4E halibut through the 2nd quarter.

Herring Operation:

52. CVS will analyze the success and hindrances with the price-incentive herring program started in 2002 and determine whether to continue, modify, or terminate the program, in conjunction with the herring fishermen.

The herring program was analyzed and it was decided that in 2004, 4 out of the 5 districts would be fished in 2004. The Nunivak Island fishery was canceled due to the lack of processor interest. However, Nunivak Island was opened at the request of CVS to a bait herring fishery.

53. Assist fishermen in achieving a higher roe recovery rate, through training and education, if such a project is determined to be feasible.

CVS once again instituted the herring quality program where fishermen were paid bonuses on higher roe recovery during 2004. Herring coordinators were hired in 3 (Cape Romanzof used an existing employee) districts to help educate, train, and serve as liaisons to the fishery.

54. Conduct herring committee meetings in order to get the public opinion of the fishery.

Herring committee meetings were held in Bethel prior to the season to gather input from each of the districts participating in the fishery. The meeting date was on February 20, 2004.

Sportfish Guiding Service (33.3% owner of the Arolik River Sportfishing):

55. CVRF will continue to participate in the sport fish guiding industry within the region as an investor and will consider expansion into additional areas within its region.

A request for proposal was created during the 1st quarter to examine the feasibility of expanding CVA's opportunity to three additional communities. The request for proposals will be distributed in the 2nd quarter.

56. For any expansion or additional investments, CVRF will complete its due diligence process, and decide whether or not to proceed.

No activity in the 2nd quarter of 2004.

57. Continue to monitor the investment in Arolik River Sportfishing, LLC.

No activity in the 2nd quarter of 2004.

4-SITE Program:

4-SITE Project and Support Services:

58. Award scholarships for region residents for academic or vocational training.

Louis Bunyan Memorial Scholarship program applications were distributed throughout the 2nd quarter. The deadline for scholarship applications was May 31. The scholarship committee will meet to discuss and approve scholarships in July 2004. For 2004, CVRF disbursed a total of \$95,379 in scholarships.

59. Maintain a scholarship committee that reviews all applications for scholarships.

The CVRF scholarship committee will conduct a meeting in July 2004.

60. Make available internships and apprenticeships within CVRF, its subsidiary companies, and its affiliated partner companies to prepare region residents for management positions in the companies and fishing industry.

Larson Hunter completed his three month internship at the CVRF- Anchorage office. He worked on coordinating all incoming fishermen advances, in addition to program and project assistance. His internship was completed on June 5, 2004. Larson was offered a full-time position, and is expected to return in the 3rd quarter.

61. Continue to require interns to design and complete, as a requirement of their internship, village-based improvement projects that support or compliment a goal identified in CVRF's Community Development Plan, or an administrative plan used by CVRF or its partners.

Larson Hunter started his three month internship at the CVRF- Anchorage office during the 1st quarter. He is from Scammon Bay. He is a LBMS scholarship recipient, who graduated from Charter College. Larson's projects have included coordinating all incoming fishermen advances, in addition to program and project assistance.

Larson Hunter completed his three month internship at the CVRF- Anchorage office. He worked on coordinating all incoming fishermen advances, in addition to program and project assistance. His internship was completed on June 5, 2004. Larson was offered a full-time position, and is expected to return in the 3rd quarter.

62. Conduct training programs for region residents to build skills required in the companies in the fishing industry.

Training sessions were offered to region residents in three areas: refrigeration operations and maintenance training, fillet and mince production training, and the hazardous analysis and critical control point (HACCP) certification training. 23 region residents were given the opportunity to receive training that provides skills to obtain or maintain employment in the fishing industry.

63. Continue to staff the CVRF's 4-SITE program to conduct training and job placement.

CVRF currently has 16 employees that are assigned to work with the 4-SITE programs. The community development plan coordinator, community development specialist, community development administrator, employment coordinator, two community program managers, and ten community liaisons work with 4-SITE programs as an essential part of their job.

64. Conduct a recruitment and employment program for village residents in a variety of job and career opportunities in fisheries and related service industries. Fisheries and related service industries include: crab processing, bottom trawling, pacific cod, sablefish/halibut, pollock, halibut processing, salmon processing, value-added, and non-CDQ processing.

The employment coordinator recruited replacements for processor/crewmembers positions with CVRF fishing industry partners during the 2nd quarter. CVRF plans to do further recruiting during the 3rd quarter.

The Community Liaisons recruited in member communities and other region villages to recruit for processors/crewmembers for CVRF fishing industry partners.

Sally Walker of American Seafoods, the CVRF program manager and community liaison recruited for processors during the Camai festival in Bethel.

Tammy French of American Seafoods, the CVRF employment coordinator and the information coordinator attended the Yukon-Kuskokwim Delta Career Fair in April.

The employment coordinator and rural recruiter attended the Alaska Job Center Network training academy in Bethel. The focus was to network and brainstorm ideas with the YK delta scholarship, training, and employment service providers. Presentations were made regarding the 4-SITE program.

65. Initiate and maintain Skills for Success Program with member villages to assist region residents in understanding the requirements of the work place, becoming eligible to enter into employment, and developing the skills to be successful.

The Orientation for Success was presented to 5 first time crewmembers that were offered a position with American Seafoods for the B Season during the 2nd quarter. The Employment Coordinator and a

Community Liaison facilitated the orientation that covered requirements of the work place, becoming eligible to enter into employment, and developing the skills to be successful in the offshore fishing industry.

66. Sponsor Junior Achievement of Alaska in member villages and facilitate the expansion of the program throughout the region.

The Junior Achievement (JA) program was completed during the 2nd quarter in eleven CVRF communities. The local CVRF community liaison or community program manager, who acts as JA consultants, taught the Junior Achievement classes. Schools are on summer break during the 3rd quarter.

CVRF has plans to review and update CVRF's involvement in the Junior Achievement – Alaska program during the 3rd quarter.

67. Continue to initiate and maintain Coastal Villages Youth Leadership Program (CVYLP) in member villages.

Currently there are ten active Coastal Villages Youth Leadership Program groups in member communities. The members of the youth groups participate in fund raising activities, community service work, hold regularly scheduled meetings, and sponsor dances and teen nights as drug prevention activities.

During the 3rd quarter CVRF plans to start the preparations for youth group members to attend the 2004 Alaska Federation of Natives Elders and Youth Convention.

68. Continue to initiate and maintain Rural Education Adult Development (READ) program for member village residents.

A community liaison assisted a resident with READ in preparation for GED testing.

69. Outgoing first time crewmembers will participate in the Coastal Villages' "Orientation for Success".

The "Orientation for Success" was presented to first time crewmembers that were offered positions with American Seafoods to work during the "A" season. The employment coordinator, community development specialist, a community liaison, and four returning crewmembers facilitated the orientation for fifteen new crewmembers. The orientation covered the requirements of the work place, developing skills to be successful, and becoming eligible to enter employment in the fishing industry.

There was no activity with "Orientation for Success" during the 2nd quarter.

Fisheries Support & Development Project:

Loan Program:

70. Maintain the CVRF loan program serving the needs of individual commercial fishermen and fisheries-related businesses in region.

The loan committee met during the first quarter. There were no committee meetings during the 2nd quarter. The next committee meeting will be scheduled after the October closing date for loan applications.

Loan applications were distributed to interested residents, upon request, during the 2nd Quarter. CVRF staff continues to answer questions about the revolving loan program through out the year.

71. Continue to provide the opportunity to assist fishermen in the purchase of additional halibut and sablefish Quota Shares.

In the 2nd quarter, CVRF did not receive any requests to purchase halibut or sablefish quota.

72. Continue to conduct an outreach initiative to promote the loan program in the region.

CVRF advertised the availability of the loan program in the 2nd quarter. Posting of flyers will continue throughout the year in the communities, placed in the CVRF newsletters, and will be advertised in the local newspapers, in preparation for the October deadline.

73. Continue Loan Committee Meetings to discuss Loan Program, review applications, and address areas needing modification.

CVRF will continue to distribute and review loan applications in preparation for the second round of loans. The loan committee did not meet during the 2nd quarter; they will meet again after the October deadline.

The loan committee approved modifications to the loan program in the fourth quarter of 2003, which took affect with the first round of loans in 2004.

Tax and Permit Assistance Program:

74. Continue to Support VITA program in CVRF member villages during the tax-filing season.

CVRF supported Alaska Business Development Center (ABDC) travel to all twenty member communities to assist residents prepare tax returns, at no cost to the residents. The ABDC tax assistance sessions took place in February and March 2004. There were 3,256 residents who received tax assistance. The tax assistance resulted in a total of \$1,673,125 worth of refunds.

75. Assist taxpayers who are in danger of losing their permits.

There were no requests for assistance from residents who are in danger of losing their permits in the 2nd quarter of 2004.

76. Help or refer local residents who are requesting tax assistance.

CVRF supported Alaska Business Development Center (ABDC) travel to all twenty member communities to assist residents prepare tax returns, at no cost to the residents, during the 1st quarter. CVRF staff distributed the ABDC Tax Assistance Program schedule to residents upon request.

There was no activity with the Tax Assistance Program during the 2nd quarter.

77. Obtain permits for fishermen from the CVRF region.

CVS coordinated with NMFS to renew permits. CVS also re-evaluated and published new guidelines for halibut CDQ permit participation for region residents.

Outreach Plan:

Outreach Project:

78. Provide information to the member communities, through various formats, on opportunities available through the CDQ program, on activities undertaken by CVRF and its subsidiaries, and on the region's fishing industry.

The CVRF newsletter, Negsurtet Nepiit, The Sound of the Fishermen, volume seven, issue one, was distributed to all member community residents. Volume seven, issue two, is currently being drafted for distribution in the 3rd quarter.

The 2003 annual report is currently being prepared for distribution.

4-SITE brochure was finalized for use during recruiting and general outreach efforts. Flyers were sent to the community liaisons for posting and to local tribal council offices for posting in the communities.

79. Continue to provide CVRF newsletters and annual reports to the region.

The CVRF newsletter, Negsurtet Nepiit, The Sound of the Fishermen, volume seven, issue one, was distributed to all member community residents. Volume seven, issue two, is currently being drafted for distribution in the 3rd quarter.

The 2003 annual report is currently being prepared for distribution.

80. Continue to support potlatches in the region.

There were no requests for assistance with potlatches during the 2nd quarter. CVRF staff expects potlatch assistance requests during the remainder of the year.

CVRF had a potlatch during the grand opening celebration of the Scammon Bay Fisheries Support Center.

81. Maintain and update website of all CVRF affiliated organizations.

The information coordinator and the assistant to the Director of Finance/HR clerk continue to monitor the website and update it when necessary. It can be found at www.coastalvillages.org.

82. Assist communities in planning for projects that can be supported by the CDQ program (i.e., fisheries-related) or that require support from outside funding sources.

CVRF continued to work with the State of Alaska, Department of Community and Economic Development to provide community profile maps through the DCED's Initiative for Accelerated Infrastructure Development Program (IAID). In 2003, CVRF was awarded a mini-grant to provide matching funds for eight CVRF communities. During the 1st quarter 2004, business development staff continued fundraising efforts with the goal of including several more villages in the project.

On March 22, CVRF business development staff met with the Army Corps of Engineers to discuss planned (Army Corps) projects in the CVRF region.

CVRF business development director and business development specialist met with the Arctic Slope Consulting Group (ASCG) on March 25, 2004, to discuss community planning and CVRF projects in Hooper Bay. ASCG was hired by the village to assist with the development of the village's comprehensive community plan and CVRF continues to work with the village to assist with their community planning effort.

Established working relationship with Alaska Village Electrical Cooperative in researching feasibility of improved electrical generation capabilities in two member villages (Toksook Bay and Tununak). CVRF strengthened operational link between AVEC and the CVRF communities in which the cooperative operates (9 communities out of 20).

83. Participate in the CDQ Human Resources Group to improve employment programs in CVRF-related programs and in the fishing industry.

The CDQ Human Resources Group did not meet during the 2nd quarter.

84. Participate in the development of the inter-organizational committee for regional training initiatives.

The CVRF employment coordinator and the rural recruiter attended the Alaska Job Center Network training academy in Bethel. The focus was to network and brainstorm ideas with the YK delta scholarship, training and employment service providers. Presentations were made regarding the 4-SITE program.

85. Support and operate programs that will assist region residents to become successful role models and leaders in their communities.

CVRF community liaisons and community program manager act as JA consultants during the school year by coordinating, preparing, and teaching Junior Achievement classes in local schools. The JA classes were completed in the 2nd quarter in all participating communities. JA is schedule to resume in the fall.

CVRF Development Project:

CVRF Development Project:

86. Conduct on-going analysis of capabilities and performance of staff, board and resources in the region.

The staff receives annual evaluations to help management analyze their capabilities and performance. Additional staff were added in the Anchorage office and in the member communities in order to better meet the needs of the region.

87. CVRF will maintain “Standards of Leadership” for Board of Directors by annual review of Board standards policies and administration of Oath of Office.

The “Standards of Leadership” for the Board of Directors annual review is planned to take place in October. The Oath of Office will be given to re-elected and new board members at the annual meeting.

88. Continue to implement the 360-degree performance feedback system for senior management.

The Board of Directors performed an evaluation of the Executive Director in late 2003, and approved his 2004 contract at the 2003 annual board meeting. The Board plans to do a new evaluation for the Executive Director later in the year as part of the process to approve a new contract for 2005.

The 360- degree performance feedback for senior management is performed annually before executive director evaluation and the annual board meeting.

89. CVRF will maintain its Continuous Improvement (CI) Model for Board and Management, including the holding of an Annual Board Retreat.

The Annual Board Retreat took place in Seattle, Washington on May 2 – 5, 2004. Fourteen board members and seven staff members took part in the retreat.

General and Administration:

Administration:

90. Adopt an annual budget and submit to the State by December 15.

CVRF prepared the 2004 budget and the Board approved it in November of 2003. The budget was submitted to the State by the December 15 deadline and has been approved.

91. Monitor the budget to actual comparisons and make revisions as necessary to allow for unexpected items or changes in the expectations for the year. This monitoring process should include monitoring both by staff on a frequent basis and monitoring by the board of directors by presenting the budget to actual reports to the board at board meetings.

CVRF has submitted monthly budget-to-actual reports to the Board Treasurer, in addition to providing quarterly budget-to-actual reports to the full board. Staff review budget to actual reports on a monthly or as-needed basis. Revisions to the 2004 budget have been made in accordance with substantial amendments submitted to the State of Alaska; no other revisions have been needed to date.

92. As a compliment to CVRF's sophisticated budgeting process, CVRF will develop monthly cash flow projections.

At the same time that CVRF's budgets are prepared, cash flow estimates are also prepared. The cash flow estimates are adjusted as revisions to the budgets are made.

93. Prepare monthly consolidated financial statements for review by CVRF management and the CVRF Board Treasurer.

Monthly financial statements have been sent to the Board Treasurer and given to the Finance Director for review. Quarterly financial statements are also presented to the Full Board at the meetings.

94. Continue to develop and maintain the written CVRF accounting procedures.

Accounting procedures were written for all major accounting functions in 2001. CVRF continues to improve upon the procedures and update the memos as necessary.

95. Submit quarterly and annual reports, financial audits, and meet other regulatory deadlines.

The 1st Quarter report has been and the 2nd Quarter report will be submitted on time. The 2003 annual agreed upon procedures and financial audits began in February 2004 and were completed by the May deadline. Coastal Villages has met all regulatory deadlines.

96. Conduct a minimum of four full board meetings a year and other executive board or subsidiary board meetings as needed.

1st quarter meetings:

The executive committee met in Kipnuk on January 30, 2004.

The full board met on March 8 -9, in Bethel.

The herring committee met on February 20, in Bethel.

The loan committee held a teleconference on March 19, 2004.

2nd quarter meetings:

The full board met in Seattle, Washington on May 5, 2004.

The full board met in Anchorage, Alaska on June 7-8, 2004.

The executive committee met on June 4, 2004, in Anchorage, Alaska.

The compensation committee had two meetings, one via teleconference and one in Anchorage.

A full board meeting is scheduled for August 26 – 27 in Anchorage, Alaska. The Annual Board Meeting is scheduled for November 17 – 19, 2004, in Bethel.

97. Prior to all Full Board Meetings, provide Board Packets to all Board members.

Each Board of Director receives a board packet in the mail prior to a full board meeting for review so that they are prepared for the meeting.

98. Prepare all election process materials according to the corporate bylaws and Alaska Statutes, for distribution to each community's governing body that have a seat up for re-election by August 1st of each year.

Election materials were drafted during the 2nd quarter, and will be disbursed in July 2004 to each of the community's governing body that has a seat up for re-election.

99. Follow the State CDQ requirements that state that an elected representative from the community is a domiciled resident of that community and all board members are from the region.

All board members are domiciled within the region. There is one board member for each of the twenty member communities.

100. Monitor the quarterly board members communication to their governing body to ensure communities are being informed of activities and accomplishments of CVRF and subsidiaries.

The community development plan coordinator prepares meeting minutes and summaries for the board members to distribute in their community, and works with the community liaison in their community to provide local communications.

101. Continue to monitor and analyze the operations of the company in terms of staffing, and add new positions when necessary in order to continue to improve the efficiency and effectiveness of operations.

CVRF maintains staffing levels as necessary to carry out efficient business results and only expands when needed. In the 2nd Quarter 2004, CVRF recruited and hired an Administrative Assistant, a Community Liaison in Hooper Bay, and a Mechanic for the Scammon Bay Fisheries Support Center.

102. Complete annual performance evaluations of CVRF staff.

CVRF maintains records of evaluation due dates at the corporate headquarters. The supervisors are notified when staff evaluations are due. Evaluations are completed annually for all staff and kept in their personnel files.

Cash Management and Investments:

103. All investments are to be made in compliance with CVRF investment policy.

Coastal Villages has not made any new investments during the 2nd Quarter of 2004. CVRF is in compliance with its investment policy (investment policy can be found in the 2003-2005 CDP).

104. All investible cash and cash equivalents will be invested with the intent to earn a reasonable rate of return in relation to the current market conditions for short and long term holdings.

Liquid cash not needed for operations is held partly in money markets and partly in corporate and government bonds. The returns from these investments are reasonable and comparable to the market.

105. CVRF will complete its due diligence for all investments made in companies or in vessels.

CVRF has not closed on any investments so far during 2004. However, CVRF is currently going through an IPO process on an existing investment as well as continually watching for new investment opportunities. Due diligence is always completed before closing any transaction.

106.CVRF will review and analyze monthly cash flow projections and budget to actual reports to manage its cash flow and to determine the cash needs for investing.

Cash flow needs are analyzed on an on-going basis. CVRF prepares monthly cash flow projections, which are based on the approved budget, and compares them to actual results for the month. CVRF also prepares quarterly budget to actual reports and analyzes any material discrepancies. See also discussions on the budget and cash flow projections in numbers 90 – 92 above.

CDQ Contract Management:

107.CVRF will ensure that each royalty contract with harvesting partners is in full force and effect and regulatory requirements are met.

Throughout the 2nd quarter, all CVRF royalty contracts were in full force and effect, and all regulatory requirements were met.

108.Obtain approvals for amendments to the royalty contracts as necessary and appropriate.

There was no activity in the 2nd quarter.

109.Monitor performance of harvesting partners and inform them of compliance issues.

Throughout the 2nd quarter, harvesting partners' performance was monitored, and there were no compliance issues raised.

CDQ Quota Management

110.CVRF will allocate its allocations among its harvest partners and monitor the harvest of all allocations.

Throughout the year, CDQ allocations were budgeted and monitored as necessary.

111.Prepare CDQ harvest activity and status reports.

Throughout the quarter, CDQ allocations were budgeted and monitored as necessary.

112.Ensure that CVRF is in compliance with Federal, State, local regulatory and legal requirements.

All CVRF royalty contracts contain language requiring harvest partners to be in compliance with federal, state, local regulatory and other legal requirements. No instances of non-compliance were noted in the 2nd quarter.

B. Outreach

Outreach activities in the 2nd quarter of 2004:

- CT Community Meetings were held in 15 communities during the 2nd quarter: Mekoryuk, Chevak, Cheforak, Scammon Bay, Newtok, Tununak, Eek, Goodnews Bay, Kongiganak, Tuntutuliak, Kwigillingok, Kipnuk, Toksook Bay, Nightmute, and Platinum.
- Notices about available training opportunities were posted in the communities.
- Advertisements were placed in the Tundra Drums for the LBMS scholarships, training opportunities offered by CVS, and the Revolving Loan Program, as well as posted in the member communities.
- The 1st quarter newsletter was mailed to all region box holders and other professional contacts.
- The 4-SITE information brochure was updated, which is handed out during recruiting and general outreach efforts.
- Community development specialist traveled to Kwigillingok to investigate the possibility of incorporating wind power into the existing electrical grid.
- Community development specialist traveled to Kongiganak to investigate possibility of improving barge landing / boat ramp sight. Initiative discussions with government agencies involved with requisite permitting.
- Provided input and feedback on the community development plan for Hooper Bay.
- CVRF staff conducted interviews in Scammon Bay for Fisheries Support Center part-time mechanic.
- A part-time mechanic was hired for the Scammon Bay Fisheries Support Center.
- CVRF staff, board members, and Scammon Bay community members attended the fisheries support center opening.
- Community liaisons recruited for processors during the Camai Festival in Bethel.
- Sally Walker, American Seafoods, along with CVRF staff, recruited for processors during the Camai Festival in Bethel.
- CVRF staff attended the Alaska Job Center Network training academy in Bethel.
- Advertisements of CVS jobs in two local newspapers.
- CVRF networked with the Job Center in Bethel for employment opportunities with CVS in the region fish plants.

C. Employment

1. Data Form

CVRF:

Program, General & Administrative¹
Community Liaisons

CVS:

Onshore (Fishermen-Halibut)
Onshore (Fishermen-Salmon)
Onshore (Fishermen-Herring)
Salmon & Halibut (CVS Mgmt.)
Processors & Misc. Jobs (CVS)

CDQ Pollock Related:

American
Westward (non CDQ)

Other Fishing:

Sablefish/Halibut (Ocean Harvester)
Crab, Cod, & Other (Icicle)
Crab & Cod (Prowler Fisheries)
Crab & Cod (Sanko Fisheries)

Other Employment:

CVRF (contract)

Internships:

CVRF

| | 1st Quarter | | 2nd Quarter | | 3rd Quarter | | 4th Quarter | | Year-to-date | |
|--------------|-------------|-------------------|-------------|-------------------|-------------|-------------|-------------|-------------|--------------|---------------------|
| | People | Wages | People | Wages | People | Wages | People | Wages | People | Wages |
| | 3 | \$ 31,473 | 5 | \$ 30,625 | - | \$ - | - | \$ - | 5 | \$ 62,098 |
| | 11 | 65,960 | 11 | 71,960 | - | - | - | - | 12 | 137,920 |
| | - | - | 106 | 77,074 | - | - | - | - | 106 | 77,074 |
| | - | - | 105 | 105,001 | - | - | - | - | 105 | 105,001 |
| | - | - | 79 | 178,531 | - | - | - | - | 79 | 178,531 |
| | 2 | 3,300 | 18 | 68,495 | - | - | - | - | 18 | 71,795 |
| | 5 | 7,384 | 144 | 155,663 | - | - | - | - | 144 | 163,047 |
| | 22 | 14,642 | 23 | 188,394 | - | - | - | - | 26 | 203,036 |
| | 2 | 12,208 | 2 | 1,880 | - | - | - | - | 2 | 14,088 |
| | 1 | - | 1 | 6,734 | - | - | - | - | 1 | 6,734 |
| | 3 | 13,772 | 1 | 224 | - | - | - | - | 3 | 13,996 |
| | - | - | - | - | - | - | - | - | - | - |
| | 1 | 4,050 | - | - | - | - | - | - | 1 | 4,050 |
| | - | - | - | - | - | - | - | - | - | - |
| | 1 | 1,012 | 1 | 4,268 | - | - | - | - | 1 | 5,280 |
| TOTAL | 51 | \$ 153,801 | 496 | \$ 888,849 | - | \$ - | - | \$ - | 503 | \$ 1,042,650 |

¹ Does not include residents from the communities with full time position working in the Anchorage office.

C. Employment, continued

2. Summary

CVS RELATED

Salmon and Halibut (CVS Management) – Earnings are reported as paid to 18 management position in the 2nd quarter.

Processors & Misc. Jobs (CVS) – Earnings are reported as paid to 144 employees in the 2nd quarter.

CDQ POLLOCK RELATED

American Seafoods Company – Earnings are reported as paid to 23 CVRF region residents and 1 surrounding region resident in the 2nd quarter.

Westward Seafoods, Inc – Earnings are reported as paid to 2 CVRF region resident and 1 surrounding region resident in the 2nd Quarter.

OTHER FISHING

Offshore (OH) – 1 CVRF member worked in the 1st and 2nd quarter and earnings are reported as paid in the 2nd Quarter.

Crab, Cod & Sea Urchin (Icicle) –Earnings are reported as paid to 1 CVRF member.

INTERNSHIPS

CVRF – Earnings are reported as paid to 1 Administrative Assistant Intern.

C. Employment, continued

2. Summary, continued

| | Employees/Interns | | | | At Sea/Onshore | |
|---------------------|--------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|
| | (1) CVRF Earnings | Number of people | CVS Earnings | Number of people | Earnings | Number of people |
| Chefornak | 868 | 1 | 15,611 | 14 | 42,393 | 4 |
| Chevak | 24,200 | 1 | 8,327 | 7 | 8,596 | 4 |
| Eek | 14,198 | 1 | 6,090 | 2 | 12,055 | 2 |
| Goodnews Bay | - | - | 3,345 | 1 | - | - |
| Hooper Bay | 6,233 | 1 | 24,694 | 24 | 65,363 | 8 |
| Kipnuk | 10,083 | 1 | 18,225 | 12 | - | - |
| Kongiganak | - | - | - | - | 202 | 2 |
| Kwigillingok | 568 | 1 | - | - | - | - |
| Mekoryuk | 17,798 | 1 | 18,362 | 16 | - | - |
| Napakiak | 15,581 | 1 | 1,643 | 1 | 64 | 1 |
| Napaskiak | 10,164 | 1 | - | - | - | - |
| Newtok | 13,110 | 1 | 3,246 | 7 | 3,146 | 1 |
| Nightmute | - | - | 6,690 | 1 | - | - |
| Oscarville | 13,594 | 1 | - | - | - | - |
| Platinum | - | - | - | - | - | - |
| Quinhagak | - | - | 88,539 | 37 | - | - |
| Scammon Bay | 43,066 | 4 | 4,448 | 6 | 21,318 | 2 |
| Toksook Bay | 10,363 | 1 | 28,443 | 21 | 80,311 | 7 |
| Tuntutuliak | 12,002 | 1 | 777 | 2 | - | - |
| Tununak | 13,470 | 1 | 6,403 | 11 | 8,456 | 2 |
| Total CVRF region | <u>205,298</u> | <u>18</u> | <u>234,843</u> | <u>162</u> | <u>241,904</u> | <u>33</u> |
| Mountain Village | - | - | 6,677 | 2 | - | - |
| Nunapitchuk | - | - | - | - | 20,018 | 2 |
| Twin Hills | - | - | 311 | 1 | - | - |
| Total other regions | <u>-</u> | <u>-</u> | <u>6,988</u> | <u>3</u> | <u>20,018</u> | <u>2</u> |
| Grand Total | <u>205,298</u> | <u>18</u> | <u>241,831</u> | <u>165</u> | <u>261,922</u> | <u>35</u> |

(1) Does not include residents from the communities with full time position working in the Anchorage Office.

C. Employment, continued

3. Summary of employment for the period ending June 30, 2004

| | <u>Employees</u> | | <u>Fisherman</u> | | <u>Herring</u> | |
|----------------------------------|------------------|---------------|------------------|---------------|-----------------|---------------|
| | <u>Wages</u> | <u>Number</u> | <u>Payments</u> | <u>Number</u> | <u>Payments</u> | <u>Number</u> |
| CVS: | | | | | | |
| CDQ - CVRF region | \$ 234,842 | 162 | \$ 182,075 | 211 | \$ 178,531 | 79 |
| CDQ - other regions | 6,988 | 3 | - | - | - | - |
| Alaska - neighboring communities | 6,874 | 6 | 7,057 | 16 | 4,916 | 1 |
| Alaska - other | 36,284 | 4 | - | - | - | - |
| Non-Alaska | 111,115 | 9 | - | - | - | - |
| Total | 396,103 | 184 | 189,132 | 227 | 183,447 | 80 |
| CVRF ¹ : | | | | | | |
| CDQ - CVRF region | 200,018 | 17 | | | | |
| Total | 200,018 | 17 | | | | |
| At Sea/Onshore: | | | | | | |
| CDQ - CVRF region | 241,904 | 33 | | | | |
| CDQ - other regions | - | - | | | | |
| Alaska - neighboring communities | 20,018 | 2 | | | | |
| Total | 261,922 | 35 | | | | |
| Interns- | | | | | | |
| CDQ - CVRF region | 5,280 | 1 | | | | |
| TOTAL | \$ 863,323 | 237 | \$ 189,132 | 227 | \$ 183,447 | 80 |

1 Does not include residents from the communities with full time position working in the Anchorage office.

D. Training

1. Data form

| | <u>1st Quarter</u> | | <u>2nd Quarter</u> | | <u>3rd Quarter</u> | | <u>4th Quarter</u> | | <u>Year-to-date</u> | |
|-----------------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|---------------------|--------------|
| | People | Expenditures | People | Expenditures | People | Expenditures | People | Expenditures | People | Expenditures |
| Scholarships | | | | | | | | | | |
| Postsecondary | 34 | \$ 71,731 | 1 | \$ 650 | - | \$ - | - | \$ - | 34 | \$ 72,381 |
| Vocational | 12 | 22,998 | - | - | - | - | - | - | 12 | 22,998 |
| GED | - | - | - | - | - | - | - | - | - | - |
| Total | 46 | 94,729 | 1 | 650 | - | - | - | - | 46 | 95,379 |
| Voc-Tech Classes | | | | | | | | | | |
| Basic | - | - | - | - | - | - | - | - | - | - |
| Advanced | - | - | - | - | - | - | - | - | - | - |
| Other Training | | | | | | | | | | |
| Fisheries related | 26 | 6,401 | 28 | 59,810 | - | - | - | - | 53 | 66,211 |
| Student Loans | - | - | - | - | - | - | - | - | - | - |
| CDQ Staff/Board/Interns | 9 | 1,784 | - | - | - | - | - | - | 11 | 1,784 |
| Other | - | - | - | - | - | - | - | - | - | - |
| Total | 35 | 8,185 | 28 | 59,810 | - | - | - | - | 64 | 67,995 |
| Other Expenditures | | | | | | | | | | |
| To Educational Institutions | N/A | - | N/A | - | N/A | - | N/A | - | N/A | - |
| Educational Endowment Funds | N/A | - | N/A | - | N/A | - | N/A | - | N/A | - |
| Other | N/A | - | N/A | - | N/A | - | N/A | - | N/A | - |
| TOTAL | 81 | \$ 102,914 | 29 | \$ 60,460 | - | \$ - | - | \$ - | 110 | \$ 163,374 |

D. Training, continued

2. Summary

SCHOLARSHIPS

The Louis Bunyan Memorial Scholarship awarded one recipient for postsecondary education approved in the 1st quarter.

OTHER TRAINING

Fisheries Related -

11 participants attended a Fillet/Mince Production training

6 CVRF community members attended the HAACP training

6 CVRF community members attended the Refrigeration training

5 new crewmembers attended the Orientation for Success program before entering into employment with American Seafoods.

C. Training, continued

2. Summary, continued

| | Training | | Scholarships | |
|---------------------|----------------------|-------------------------|----------------------|-------------------------|
| | <u>Disbursement</u> | <u>Number of people</u> | <u>Disbursement</u> | <u>Number of people</u> |
| Chefornak | 6,792 | 5 | - | - |
| Chevak | 9,671 | 5 | 10,905 | 5 |
| Eek | 1,584 | 1 | 4,465 | 2 |
| Goodnews Bay | - | - | - | - |
| Hooper Bay | 7,215 | 9 | 11,625 | 5 |
| Kipnuk | 2,622 | 3 | 5,720 | 3 |
| Kongiganak | 120 | 1 | - | - |
| Kwigillingok | - | - | 14,647 | 7 |
| Mekoryuk | 912 | 3 | 4,338 | 2 |
| Napakiak | - | - | 6,780 | 4 |
| Napaskiak | 4,304 | 3 | - | - |
| Newtok | 8,313 | 2 | 3,367 | 2 |
| Nightmute | - | - | 1,056 | 1 |
| Oscarville | - | - | - | - |
| Platinum | - | - | 1,500 | 1 |
| Quinhagak | 9,462 | 4 | 7,500 | 3 |
| Scammon Bay | 357 | 2 | 7,330 | 3 |
| Toksook Bay | 2,913 | 9 | 7,521 | 4 |
| Tuntutuliak | - | - | 2,600 | 1 |
| Tununak | 4,283 | 3 | 6,025 | 3 |
| Total CVRF region | <u>58,548</u> | <u>50</u> | <u>95,379</u> | <u>46</u> |
| Mountain Village | 7,535 | 2 | | |
| Nunapitchuk | <u>128</u> | <u>1</u> | <u>-</u> | <u>-</u> |
| Total other regions | <u>7,663</u> | <u>3</u> | <u>-</u> | <u>-</u> |
| Grand Total | <u>66,211</u> | <u>53</u> | <u>95,379</u> | <u>46</u> |

E. Other issues

None noted.

III. Administration

A. State of Alaska Reporting Compliance

1. Board Member Changes:

There were no board member changes in the 2nd quarter.

2. Decisions.

See confidential section.

3. Minutes from any meetings.

See confidential section.

B. State of Alaska Reporting Compliance

CVRF submitted its 1st Quarter report on time, and will submit this 2nd Quarter 2004 report on time. Additionally, CVRF submitted amendments as required under state and federal regulations.

C. Amendment Status

Several amendments have been submitted during the first two quarters of 2004:

Scammon Bay Fisheries Support Center:

During February 2004 CVRF submitted amendment #2004-01CV for approval for the construction of a fisheries support center in Scammon Bay. This amendment was approved.

Transfer of pollock to BBEDC:

During January 2004 CVRF submitted amendment #2004-02CV for approval requesting the transfer of 35,800 MT of CVRF's pollock and related bycatch to BBEDC. This amendment was approved.

Transfer of various flatfish to BBEDC:

During January 2004 CVRF submitted amendment #2004-03CV for approval requesting the transfer of various flatfish, to include Atka Mackerel, Pacific Ocean perch, groundfish, and related bycatch to BBEDC. This amendment was approved.

CVS Tender Boat:

During February 2004 CVRF submitted amendment #2004-04CV for approval for the purchase of a tender boat for the CVS salmon operations. This amendment was approved.

Annual Housekeeping:

During February 2004 CVRF submitted amendment #2004-05CV for the annual housekeeping. This amendment highlights the changes in the board membership, changes in key staff, changes in subsidiaries, and changes to harvesting contracts. This amendment was approved.

Transfer of opilio crab to BBEDC:

During March 2004 CVRF submitted amendment #2004-06CV for approval requesting the transfer of 2,500 pounds of CVRF's opilio crab to BBEDC. This amendment was denied.

Transfer of opilio crab to APICDA:

During March 2004 CVRF submitted amendment #2004-07CV for approval requesting the transfer of 1,600 pounds of CVRF's opilio crab to APICDA. This amendment was denied.

Transfer of opilio crab from NSEDC:

During March 2004 CVRF submitted amendment #2004-08CV for approval requesting the transfer of 9,200 pounds of NSEDC's opilio crab to CVRF. This amendment was approved.

Transfer of bycatch from BBEDC:

During April 2004 CVRF submitted amendment #2004-09CV for approval requesting the transfer of 4,000 pounds of turbot and 3,000 pounds of other rockfish from BBEDC to CVRF. This amendment was approved.

Transfer of Pacific cod to BBEDC:

During April 2004 CVRF submitted amendment #2004-10CV for approval requesting the transfer of 100 metric tons of CVRF's Pacific cod to BBEDC. This amendment was approved.

Eek Fisheries Support Center:

During July 2004 CVRF submitted amendment #2004-11CV for approval for the construction of a fisheries support center in Eek. This amendment was approved.

D. Other Issues

None noted.

IV. Harvesting Report

A. Pollock & Multi-species CDQ Harvest Activities by Target Fishery

| CVRF Pollock Target Fishery Harvest Activity As of June 30, 2004 | | | | | | | | |
|---|-------|------------------|---------|---------|---------|---------|-------------|-------------|
| CDQ Reserve Category | Units | Allocation after | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD Harvest | % of Target |
| A Season (40%) | mt | - | - | - | - | - | - | - |
| B Season (60%) | mt | - | - | - | - | - | - | - |
| BS Pollock Total | mt | - | - | - | - | - | - | - |
| Bycatch | | | | | | | | |
| Pacific Cod | mt | - | - | - | - | - | - | - |
| BSFG Sablefish | mt | - | - | - | - | - | - | - |
| AI FG Sablefish | mt | - | - | - | - | - | - | - |
| BS Sablefish | mt | - | - | - | - | - | - | - |
| AI Sablefish | mt | - | - | - | - | - | - | - |
| WAI Atka Mackerel 543 | mt | - | - | - | - | - | - | - |
| CAI Atka Mackerel 542 | mt | - | - | - | - | - | - | - |
| EAI/BS Atka Mackerel 541 | mt | - | - | - | - | - | - | - |
| Yellowfin Sole | mt | - | - | - | - | - | - | - |
| Rock Sole | mt | - | - | - | - | - | - | - |
| BS Greenland Turbot | mt | - | - | - | - | - | - | - |
| AI Greenland Turbot | mt | - | - | - | - | - | - | - |
| Arrowtooth Flounder | mt | - | - | - | - | - | - | - |
| Flathead Sole | mt | - | - | - | - | - | - | - |
| Other Flatfish | mt | - | - | - | - | - | - | - |
| Alaska Plaice | mt | - | - | - | - | - | - | - |
| BS Pacific Ocean Perch | mt | - | - | - | - | - | - | - |
| WAI Pacific Ocean Perch 543 | mt | - | - | - | - | - | - | - |
| CAI Pacific Ocean Perch 542 | mt | - | - | - | - | - | - | - |
| EAI Pacific Ocean Perch 541 | mt | - | - | - | - | - | - | - |
| AI Northern Rockfish | mt | - | - | - | - | - | - | - |
| AI Shortraker/Rougheye Rockfish | mt | - | - | - | - | - | - | - |
| BS Other Rockfish | mt | - | - | - | - | - | - | - |
| AI Other Rockfish | mt | - | - | - | - | - | - | - |
| Other Species | mt | - | - | - | - | - | - | - |
| PSQ Reserve Category | | | | | | | | |
| Zone 1 Red King Crab | ea | - | - | - | - | - | - | - |
| Zone 1 Bairdi Tanner Crab | ea | - | - | - | - | - | - | - |
| Zone 2 Bairdi Tanner Crab | ea | - | - | - | - | - | - | - |
| Oplio Tanner Crab | ea | - | - | - | - | - | - | - |
| Pacific Halibut (mortality) | mt | - | - | - | - | - | - | - |
| Chinook Salmon | ea | - | - | - | - | - | - | - |
| Non-Chinook Salmon | ea | - | - | - | - | - | - | - |

Notes:

BBEDC is the Pollock Pool Quota Manager for the 2004 Season

Please see their quarterly report for catch statistics

CVRF Pacific Cod Target Fishery Harvest Activity **Quarter ended June 30, 2004**

| CDQ Reserve Category | Units | Allocation after transfers | | | | 4th Qtr | YTD Harvest | % of Target Harvest |
|---------------------------------|-------|----------------------------|---------|---------|---|---------|-------------|---------------------|
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | | | | |
| A Season (60%) | mt | 501.690 | 985.955 | - | - | - | 1,487.645 | 99.18% |
| B Season (40%) | mt | - | - | - | - | - | - | - |
| Pacific Cod Total | mt | 501.690 | 985.955 | - | - | - | 1,487.645 | 59.51% |
| Bycatch | | | | | | | | |
| Non Pollock Quota | mt | - | - | - | - | - | - | - |
| BS FG Sablefish | mt | 1.500 | - | - | - | - | - | - |
| AI FG Sablefish | mt | - | - | - | - | - | - | - |
| BS Sablefish | mt | - | - | - | - | - | - | - |
| AI Sablefish | mt | - | - | - | - | - | - | - |
| WAI Atka Mackerel 543 | mt | - | - | - | - | - | - | - |
| CAI Atka Mackerel 542 | mt | - | - | - | - | - | - | - |
| EAI/BS Atka Mackerel 541 | mt | - | - | - | - | - | - | - |
| Yellowfin Sole | mt | 6.000 | 0.016 | 0.019 | - | - | 0.035 | 0.00% |
| Rock Sole | mt | 5.000 | 0.895 | 0.177 | - | - | 1.072 | 0.07% |
| BS Greenland Turbot | mt | 2.568 | 0.027 | 0.045 | - | - | 0.072 | 0.00% |
| AI Greenland Turbot | mt | - | - | - | - | - | - | - |
| Arrowtooth Flounder | mt | 27.000 | 0.525 | 3.917 | - | - | 4.442 | 0.30% |
| Flathead Sole | mt | 15.000 | 3.013 | 2.950 | - | - | 5.963 | 0.40% |
| Other Flatfish | mt | 1.410 | 0.007 | 0.007 | - | - | 0.014 | 0.00% |
| Alaska Plaice | mt | 5.000 | - | - | - | - | - | - |
| BS Pacific Ocean Perch | mt | 0.835 | - | - | - | - | - | - |
| WAI Pacific Ocean Perch 543 | mt | 0.167 | - | - | - | - | - | - |
| CAI Pacific Ocean Perch 542 | mt | - | - | - | - | - | - | - |
| EAI Pacific Ocean Perch 541 | mt | 0.288 | - | - | - | - | - | - |
| AI Northern Rockfish | mt | - | - | - | - | - | - | - |
| AI Shortraker/Rougheye Rockfish | mt | - | - | - | - | - | - | - |
| BS Other Rockfish | mt | 0.750 | 0.187 | - | - | - | 0.187 | 0.01% |
| AI Other Rockfish | mt | 0.835 | - | - | - | - | - | - |
| Other Species | mt | - | - | - | - | - | - | - |
| PSQ Reserve Category | | | | | | | | |
| Zone 1 Red King Crab | ea | - | - | - | - | - | - | - |
| Zone 1 Bairdi Tanner Crab | ea | - | - | - | - | - | - | - |
| Zone 2 Bairdi Tanner Crab | ea | - | - | - | - | - | - | - |
| Opilio Tanner Crab | ea | - | - | - | - | - | - | - |
| Pacific Halibut (mortality) | mt | 24.500 | 0.784 | 0.716 | - | - | 1.500 | 0.10% |
| Chinook Salmon | ea | - | - | - | - | - | - | - |
| Non-Chinook Salmon | ea | - | - | - | - | - | - | - |

| CVRF Sablefish Target Fishery Harvest Activity Quarter ended June 30, 2004 | | | | | | | | | | |
|---|--|-------|----------------------------------|-------|---------|---------|---------|---------|----------------|------------------------|
| CDQ Reserve Category | | Units | Allocation after transfers | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD Harvest | % of Target Harvest |
| Sablefish | | mt | 110,000 | 3,498 | - | - | - | - | 3,498 | 3.18% |
| | | mt | - | - | - | - | - | - | - | - |
| Sablefish Total | | mt | 110,000 | 3,498 | - | - | - | - | 3,498 | 3.18% |
| Bycatch | | | | | | | | | | |
| Pacific Cod | | mt | 7,150 | 0.081 | - | - | - | - | 0.081 | 2.32% |
| BS FG Sablefish | | mt | - | - | - | - | - | - | - | - |
| AI FG Sablefish | | mt | - | - | - | - | - | - | - | - |
| BS Sablefish | | mt | - | - | - | - | - | - | - | - |
| AI Sablefish | | mt | - | - | - | - | - | - | - | - |
| WAI Atka Mackerel 543 | | mt | - | - | - | - | - | - | - | - |
| CAI Atka Mackerel 542 | | mt | 0.096 | - | - | - | - | - | - | - |
| EAI/BS Atka Mackerel 541 | | mt | - | - | - | - | - | - | - | - |
| Yellowfin Sole | | mt | - | - | - | - | - | - | - | - |
| Rock Sole | | mt | 0.096 | - | - | - | - | - | - | - |
| BS Greenland Turbot | | mt | - | - | - | - | - | - | - | - |
| AI Greenland Turbot | | mt | 2,000 | 0.320 | - | - | - | - | 0.320 | 9.15% |
| Arrowtooth Flounder | | mt | 13,404 | 0.438 | - | - | - | - | 0.438 | 12.52% |
| Flathead Sole | | mt | - | - | - | - | - | - | - | - |
| Other Flatfish | | mt | - | - | - | - | - | - | - | - |
| Alaska Plaice | | mt | - | - | - | - | - | - | - | - |
| BS Pacific Ocean Perch | | mt | - | - | - | - | - | - | - | - |
| WAI Pacific Ocean Perch 543 | | mt | - | - | - | - | - | - | - | - |
| CAI Pacific Ocean Perch 542 | | mt | - | - | - | - | - | - | - | - |
| EAI Pacific Ocean Perch 541 | | mt | - | - | - | - | - | - | - | - |
| AI Northern Rockfish | | mt | - | - | - | - | - | - | - | - |
| AI Shortraker/Rougheye Rockfish | | mt | - | - | - | - | - | - | - | - |
| BS Other Rockfish | | mt | - | - | - | - | - | - | - | - |
| AI Other Rockfish | | mt | 3,000 | 1,125 | - | - | - | - | 1,125 | 32.16% |
| Other Species | | mt | - | - | - | - | - | - | - | - |
| PSQ Reserve Category | | | | | | | | | | |
| Zone 1 Red King Crab | | ea | - | - | - | - | - | - | - | - |
| Zone 1 Bairdi Tanner Crab | | ea | - | - | - | - | - | - | - | - |
| Zone 2 Bairdi Tanner Crab | | ea | - | - | - | - | - | - | - | - |
| Opilio Tanner Crab | | ea | - | - | - | - | - | - | - | - |
| Pacific Halibut (mortality) | | mt | - | - | - | - | - | - | - | - |
| Chinook Salmon | | ea | - | - | - | - | - | - | - | - |
| Non-Chinook Salmon | | ea | - | - | - | - | - | - | - | - |

| CVRF Halibut Harvest Activity Quarter Ended June 30, 2004 | | | | | | | | | | | | |
|--|-------|-------------------|----------------|-----------------|----------------------------|---------|---------|---------|---------|-------------|-------------------|----------------------|
| CDQ Reserve Category | Units | Annual Allocation | Transferred In | Transferred Out | Allocation after transfers | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD Harvest | Percent Harvested | Remaining Allocation |
| Halibut - 4B | lbs | - | - | - | - | - | - | | | - | - | - |
| Halibut - 4C | lbs | - | - | - | - | - | - | | | - | - | - |
| Halibut - 4D | lbs | 123,840 | - | - | 123,840 | | - | - | | - | 0.00% | 123,840 |
| Halibut - 4E | lbs | 241,500 | - | - | 241,500 | - | 64,244 | - | | 64,244 | 26.60% | 177,256 |

**CVRF Crab Harvest Activity
Quarter Ended June 30, 2004**

| CDQ Reserve Category | Units | Annual Allocation | Transferred In | Transferred Out | Allocation after transfers | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD Harvest | CVRF Harvested | NSEDC Harvested | CVRF % Harvested | Total % Harvested | Remaining Allocation |
|--|-------|-------------------|----------------|-----------------|----------------------------|---------|---------|---------|---------|-------------|----------------|-----------------|------------------|-------------------|----------------------|
| Bering Sea C. <i>Opilio</i> (snow) Tanner crab | lbs | 302,954 | 9,200 | - | 312,154 | 300,179 | | | | 300,179 | 299,679 | - | 99.08% | 96.16% | 11,975 |
| Bering Sea C. <i>Bairdi</i> Tanner crab | lbs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bristol Bay Red King crab | lbs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Norton Sound Red King crab | lbs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pribilof Red & Blue King crab | lbs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| St Matthew Blue King crab | lbs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Notes:

Anticipated catching NSEDC's remaining quota but the weather turned bad the last couple days of fishing

A. Summary, continued

Pollock – CVRF, BBEDC and CBSFA Pollock quota are pooled together and harvested by American Seafoods. BBEDC is this years quota manager and American Seafoods has harvested 99.96% of the A season quota in the 1st quarter. An observer adjustment reclassing one haul from Open Access to CDQ occurred after A Season fishing had ended. This adjustment occurred in the 2nd quarter changing the Pool's A Season harvest to 100.3%. Please see BBEDC's 1st quarter report for the details.

Pacific cod – CVRF Pacific Cod quota is harvested by Pacific Longline Company. The F/V Deep Pacific and the F/V North Cape harvested 1,487.645 mt or 99.2% of A Season quota through the 2nd quarter. There were no unusual bycatch issues associated with this fishery.

FG Sablefish-AI – CVRF Sablefish Quota is harvested by Kokopelli Fisheries, LLC. The F/V Ocean Harvester started fishing in mid March and has harvested 3.498 mt of Sablefish in the 1st quarter. Due to higher than normal bycatch levels of Other Rockfish AI, the Ocean Harvester fished IFQ in the 2nd quarter and the harvest of CDQ Sablefish will continue in the 3rd quarter.

Halibut – Area 4D – CVRF 4D halibut quota for 2004 is 123,840 lbs. No harvesting activity through the 2nd quarter.

Halibut – Area 4E – CVRF 4E halibut quota for 2004 is 241,500 lbs. Halibut plants opened during the month of May and resident fishermen harvested 64,244 lbs. of 4E halibut in the 2nd quarter.

Atka mackerel/POP – US Seafoods is harvesting CVRF's Atka mackerel and Pacific Ocean perch (POP) CDQ in 2004. CVRF, along with YDFDA and CBSFA, pooled its available targeted Atka mackerel and POP with BBEDC in January. Please see their 2nd quarter report for additional harvest information.

Flathead/Rock/Yellowfin sole – CVRF, along with YDFDA and CBSFA, pooled our available targeted flathead sole, rock sole and yellowfin sole with BBEDC in January to be harvested by US Seafoods. Please see their 2nd quarter report for additional harvest information.

Snow/Tanner crab (Opilio) – The C/P Alaskan Enterprise harvested 300,179 lbs. or 99% of our snow crab quota in the 1st quarter of 2004.

Bristol Bay Red King crab – This fishery will occur in the fall of 2004.

MS CDQ / PSQ Account Status Report 2004

[illegible]

| CVRF Pollock Target Fishery Harvest Activity As of June 30, 2004 | | | | | | | | | | | | | | |
|---|-------|--------------------|--------------|------------------------|-------------------------|-------------------------|-----------------|-------------------------------|--------------------------------|----------------------------|-------|------|-----------------|-------------|
| CDQ Reserve Category | Units | Initial Allocation | Non-Specific | Transferred In NSED | Transferred In CBSFA | Transferred In BBEDC | Transferred Out | Allocation after transfers | Portion of CDQ Group's NSED | Transferred Quota CBSFA | BBEDC | CVRF | Harvested Total | % of Target |
| BS Pollock | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pacific Cod | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| BS FG Sablefish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| AI FG Sablefish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| BS Sablefish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| AI Sablefish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| WAI Atka Mackerel 543 | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CAI Atka Mackerel 542 | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| EAI/BS Atka mackerel 541 | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Yellowfin Sole | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rock Sole | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| BS Greenland Turbot | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| AI Greenland Turbot | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Arrowtooth Flounder | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Flathead Sole | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Flatfish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alaska Plaice | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| BS Pacific Ocean Perch | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| WAI Pacific Ocean Perch 543 | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CAI Pacific Ocean Perch 542 | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| EAI Pacific Ocean Perch 541 | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| AI Northern Rockfish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| AI Shortraker/Roughyea Rockfish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| BS Other Rockfish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| AI Other Rockfish | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Species | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| PSQ Reserve Category | | | | | | | | | | | | | | |
| Zone 1 Red King Crab | ea | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Zone 1 Bairdi Tanner Crab | ea | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Zone 2 Bairdi Tanner Crab | ea | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Opilio Tanner Crab | ea | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pacific Halibut (mortality) | mt | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Chinook Salmon | ea | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-Chinook Salmon | ea | - | - | - | - | - | - | - | - | - | - | - | - | - |

Notes:
BBEDC is the Pollock Pool Quota Manager for the 2004 Season
Please see their quarterly report for catch statistics

C. Compliance

No compliance issues were noted during the 2nd quarter.

D. Other Fishing Issues/Activities

No other fishing issues were noted in the 2nd quarter.